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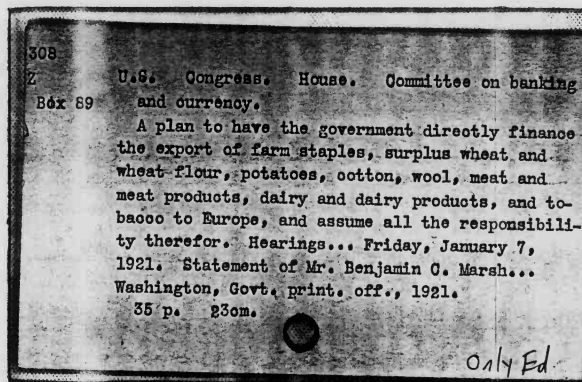
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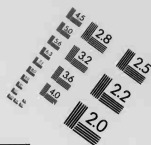
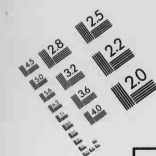
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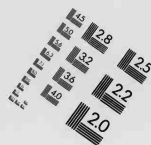
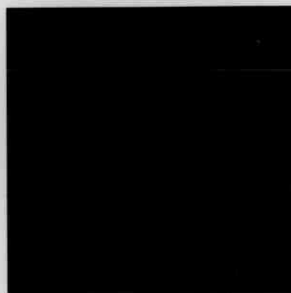
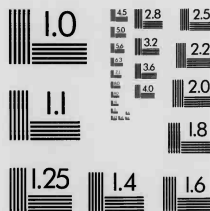
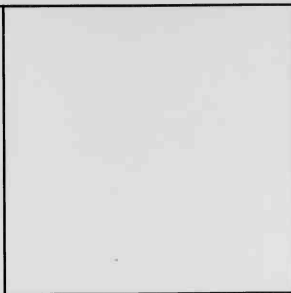
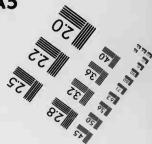
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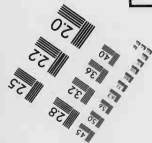
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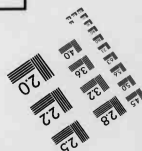
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**HEARING**

BEFORE THE

**COMMITTEE ON BANKING AND CURRENCY  
OF THE HOUSE OF REPRESENTATIVES**

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FRIDAY, JANUARY 7, 1921

Statement of  
**MR. BENJAMIN C. MARSH**  
Secretary and Director of Legislation of the  
Farmers' National Council  
Washington, D. C.



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1921

COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

SIXTY-SIXTH CONGRESS, THIRD SESSION.

LOUIS T. McFADDEN, Pennsylvania, *Chairman*.

PORTER H. DALE, Vermont.  
ROSCOE C. McCULLOCH, Ohio.  
EDWARD J. KING, Illinois.  
FRANK D. SCOTT, Michigan.  
ADOLPHUS P. NELSON, Wisconsin.  
JAMES G. STRONG, Kansas.  
L. S. ECHOLS, West Virginia.  
EDWARD S. BROOKS, Pennsylvania.  
WILLIAM H. HILL, New York.  
ROBERT LUCE, Massachusetts.  
CLARK BURDICK, Rhode Island.

MICHAEL F. PHELAN, Massachusetts.  
JOE H. EAGLE, Texas.  
OTIS WINGO, Arkansas.  
HENRY B. STEAGALL, Alabama.  
JAMES A. HAML, New Jersey.  
AUGUSTINE LONERGAN, Connecticut.  
CHARLES H. BRAND, Georgia.  
W. F. STEVENSON, South Carolina.

FREDERIC H. BLACKFORD, *Clerk*.

FINANCING EXPORTS OF FARM STAPLES.

COMMITTEE ON BANKING AND CURRENCY,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., Friday, January 7, 1921.

The committee met at 10.30 o'clock a. m., Hon. Louis T. McFadden (chairman) presiding.

The CHAIRMAN. You may proceed, Mr. Marsh.

STATEMENT OF MR. BENJAMIN C. MARSH, SECRETARY AND  
DIRECTOR OF LEGISLATION OF THE FARMERS' NATIONAL  
COUNCIL.

Mr. MARSH. My full name is Benjamin C. Marsh, and I am secretary and director of legislation of the Farmers' National Council, with headquarters in the Bliss Building here in Washington. Before I make my statement as to the special request of the council, that is to facilitate or to provide a method for facilitating export of the surplus farm products in such a way as to secure a fair price for the farmers, I want to say we are not unmindful at all of the necessities of the city and other consumers of farm products here in America; but we did not feel it was proper or appropriate, at least before the Committee on Banking and Currency, to make the recommendation in detail as we have done to both Committees on Agriculture of the House and Senate, that the United States Grain Corporation be revived and empowered to purchase all wheat at the bulk line cost of production and to control it, as they did not control it during the war; that is, to control the price by controlling the elevators and milling concerns so that the consumer would get some benefit of this action of the United States Grain Corporation. And just in passing, for the information of the committee, we also recommend that the board of directors of the United States Grain Corporation should be composed of representatives of organized farmers, organized labor, and womens' organizations.

To come to the matter on which you are good enough to accord a hearing this morning, the Farmers' National Council asks that Congress create a commission of five to seven members, including at least two farmers, to serve as a sales and collection agency to finance the export of our surplus wheat and wheat flour, potatoes, cotton, wool, meat and meat products, milk and dairy products, and tobacco to European and other countries. These products should be purchased at bulk line cost of production, plus a fair profit, as far as possible direct from the producers, and our Government should assume the risks of collection, leaving to the commission to determine the length of time credit for such exports shall be extended and prices to be charged.

The council recommends that at least \$800,000,000 should be made available for the export of such surplus crops and that the appro-

priations requested for the Army and Navy, aggregating nearly \$1,633,991,334, be reduced to about one-half, leaving over \$800,000,000 available for the export of such surplus products.

It was the avowed intention of most advocates of the rehabilitation of the War Finance Corporation that a large proportion of the funds to be made available through that corporation should be devoted to the export of farm products, but there is nothing in that act which will assure this. It is obvious that those who really favor using the War Finance Corporation for exporting surplus farm products must favor the proposal of the Farmers' National Council for an export commission for farm products because it is the only way by which the farmers can be assured of credit facilities for such exports. It should be noted that section 21A of the War Finance Corporation act, under which extension of credit to promote commerce with foreign nations is made possible, specifically provides that loans may be made for such purpose to any person, firm, corporation, or association "engaged in exporting domestic products to foreign countries only if—and here is where one of the difficulties comes in—if such person, firm, corporation, or association is, in the opinion of the board of directors of the corporation, unable to obtain funds upon reasonable terms through banking channels."

We have all heard about the rule of reason, and here we seem to have the rule of reason interjected into this situation. What are reasonable terms? I notice in the current issue of Commerce and Finance, published in Wall Street (Theodore H. Price is the editor) in the issue of January 5, they quote statistics compiled by Mr. O. P. Austin which show that whereas the national debts of the world in United States dollars, reduced to the normal prewar value of the respective currencies, amounted in 1913 to \$43,105,000,000 and whereas these debts had increased in 1918 to \$211,520,000,000, that the rate of increase in the national debts has been just about as big since the war as during the war. So that in the second peace year, 1920, the national debts of the world are over \$300,000,000,000—\$300,621,000,000, an increase of a little over \$45,000,000,000 in 1920 over 1919, and nearly \$90,000,000,000 increase since 1918.

Now, gentlemen, we might just as well be frank and admit there is hardly a single one of the great nations of the world that is solvent today and we all know that Germany, Austria, England, France, Russia, and Italy are contemplating a repudiation of their national debts. And they will either have to do it apparently, or they will have to levy a capital tax which will be tremendously heavy.

I quote further from Commerce and Finance as to the ratio or the proportion between the national debt of these countries and their national wealth. It is on page 38 of this same issue. The present national debt of the British Empire is 24 per cent of its estimated national wealth. The present national debt of France is 44.6 per cent of its estimated national wealth; of Russia, 42.3; of Italy, 49, and that has increased about 10 per cent in the last year, if I remember correctly—I mean the percentage has increased from about 37.5 to 49 per cent. It really means a bona fide increase of over 30 per cent. Japan is very low. In Germany the national debt is 312 per cent of its estimated national wealth, and in Austria-Hungary, 2,600 per cent. In other words, in Austria-Hungary, the debt is 26 times the

national wealth and in Germany it is a little over three times the national wealth.

The CHAIRMAN. Do you include in that debt the large amount of circulating medium?

Mr. MARSH. Yes. I would like to go into that, because there is an extremely interesting discussion in this issue of the paper currency issued—in this issue of Commerce and Finance of January 5, this year.

Mr. ECHOLS. What do you mean by "solvent"?

Mr. MARSH. Why, that is a question one of the Senators put to me yesterday, or rather I put this question to him, I said: "Senator, do you think that the people of the European countries, or of America, the working people who fought this war, are going to stand much longer the attitude of their Governments in permitting these speculators and profiteers to get by with the billions they have made, or are going to get up and take that away from the profiteers or force their Government to do it?" He said "The working people are not going to stand for this proposition much longer, and we are whistling in America in a graveyard." Now, we are; we might as well be frank about it.

Mr. WINGO. What do you mean by "solvent"?

Mr. MARSH. I mean the Governments can not, under the present conditions and systems of taxation, meet their obligations, and particularly so far as Germany is concerned. I want to call your attention to the fact that the purpose of one of the nations which we assisted during the war was to crush Germany, and that is shown by the way it has refused, as has been suggested, to consent to reducing the indemnity from \$45,000,000,000 down to \$25,000,000,000 or less. And of course it will have to come down. And what I mean by solvent is this, we do not know, the ordinary business man, and certainly the farmer who is not per se an exporter even of his surplus products, does not know when they can collect from Germany.

I have not been able to get any definite statement from any so-called authority what right the Reparations Commission, as created under the League of Nations Covenant, has over the debts and over the wealth of Germany. If I were a business man, I would say very frankly that with the attitude of the allied nations, not ours—we were not in on this Brussels financial conference, nor even on the assembly of the League of Nations, at least officially—with their attitude, we do not know whether Germany is going to be allowed to pay, for instance, if we export cotton or other raw materials there. I mention this fact to point out that the hazards of export are tremendous to-day, particularly in view of the fact there are between three and four billions of dollars of exports to countries with which we were associated during the war, for which there is no adequate security.

The CHAIRMAN. How is that being carried, Mr. Marsh?

Mr. MARSH. As I understand it (and I will say frankly I am not an extreme authority or even an authority on these things) I have asked various officials and I can not find out except that the people are taking a long gamble on those things. They have sold at high prices and are taking a long gamble. Certainly with that hazard, the bankers who are going to finance the exports of farm products are going to exact a very high interest rate. I should say personally, if I

were investing, I would not think of putting my money in for less than 10, 15 or 20 per cent—not as interest, but as an insurance rate. So under this War Finance Corporation act, even assuming, if you please, it were administered in the interest of the farmer, there has got to be a very high interest charged and I reckon that will come out of the farmers' prices and not out of the bankers.

The CHAIRMAN. The law fixes the rate of interest to be charged by the War Finance Corporation, does it not?

Mr. MARSH. Did you ever know of any investment banker that could not beat the law? I did not; I never have known of one. They won't take a risk without getting paid for it. And we take this position, Mr. Chairman, that those who advocated the War Finance Corporation's rehabilitation as a means of aiding the farmers must certainly, if they were logical and consistent, indorse this proposal of ours, because there is nothing in the War Finance Corporation act which gives the farmers any assurance that they will get \$1,000,000 or \$100,000,000 for the export of their surplus farm products.

Mr. PHELAN. Do you think you represent the sentiment of the farmers generally in that statement?

Mr. MARSH. As to the War Finance Corporation act?

Mr. PHELAN. Yes?

Mr. MARSH. I am inclined to think I do, yes, although I want to answer frankly, I have not taken a poll of all the farmers. But I do know this that the farmers want to be definitely assured of credit to export their surplus products. And I will say this further, that I have not yet been before a body of farmers (and I have been before a great many of them) and laid the program of the Farmers' National Council before them with the facts, and subjected myself to all the heckling they wanted to indulge in, without getting them to indorse it. For instance, I was—

Mr. BRAND. Without getting them to indorse what?

Mr. MARSH. The reconstruction program of the Farmers' National Council of which one of the planks is to make credit as cheap and available to the farmers as to any other legitimate industry.

Mr. BRAND. You mean they indorse your proposition?

Mr. MARSH. No; because I have not put this up to any farmers' organizations except in a general way at a meeting in St. Paul, Minn., of the American Society of Equity. And there they indorsed it. But the general program they have indorsed, and I am willing to present this merely on its merits, either here or to any body of farmers.

Here is the situation: We have won a war to end war, and that has been emphasized, and yet we are asking for terrific appropriations for the Army and Navy, and instead of taxing the 33 people who own 2 per cent of the wealth of the country, and the 23,000 who own 27 per cent of the wealth of the country, they are discussing a tax upon retail sales. And I want to assure you gentlemen that the farmers of the country—and I am sure Mr. Silver will back me in this—are not at all cheerful over the situation.

Mr. BROOKS. Who do they want to pay the war debt?

Mr. MARSH. The fellows who made the billions out of it and not the farmers who toil from early morning until black darkness at night and who have made just living wages, the majority of them, and most of them made a loss. To answer your question further

the Secretary of Agriculture points out this fact, that last year's crop, produced at abnormally high cost, was worth at current prices \$3,000,000,000 less than the smaller crop of 1919.

The farmers have lost by the slump in farm prices easily three to four billions and we think it is a great deal nearer five billions.

The CHAIRMAN. Mr. Marsh, how did you arrive at that loss?

Mr. MARSH. I will tell you just exactly how I arrived at that loss on some of the staple products. I have not the figures here, but we simply took the record from the Monthly Crop Reporter showing the value of the wheat, the average price of wheat, the country price, on November 1 and July 1 of this year. That is given in most issues of the Crop Reporter. Knowing the yield, we can point out the loss.

The CHAIRMAN. In that connection, how much of the crop is in the hands of the farmer at the present time?

Mr. MARSH. I have not those last figures from the Department of Agriculture, but I can get them for you.

The CHAIRMAN. I have had handed to me this morning a statement from Mr. Julius H. Barnes, who was head of the Grain Corporation—

Mr. MARSH. And who, permit me to add, is an anathema to every respectable farmer, many of whom regard him a tool of Wall Street.

The CHAIRMAN. He says that the records of the Grain Corporation show three-quarters of this year's crop was marketed by the farmers at a higher price than they got a year ago. That pertains to wheat.

Mr. MARSH. That is impossible.

The CHAIRMAN. That "on this basis the farmer has done three-quarters of this year's marketing at a higher price than for the same five months a year ago."

Mr. STRONG. He is absolutely wrong in my country.

The CHAIRMAN. Here is the statement I want to put in at this point. He says "of the remaining, the exact records of the Grain Corporation covering three years show that in the first five months of the crop year preceding December 1 an average of 76 per cent is marketed by the farmer. For that five months just ended the average farm price on this crop was \$2.17, against \$2.12 a year ago, and an average for 1913 before the war of 79 cents."

Do you agree with that, Mr. Marsh?

Mr. MARSH. No. I would have to check up on those figures to give you the exact figures, but I am sure they are not correct. I can give you just a few of those from the November Crop Reporter—

The CHAIRMAN. He goes on to prove in this statement that practically only 25 per cent of the crop is in the hands of the producer.

Mr. MARSH. Of what crop?

The CHAIRMAN. Wheat.

Mr. MARSH. I think probably at least 40 per cent to 45 per cent is in the hands of the farmer, and it may be 50 per cent.

The CHAIRMAN. I was wondering in your computation where this crop was located, whether in the hands of the farmer, the middleman or the speculator, and whether your estimate covered the whole crop or only that portion in the hands of the farmer.

Mr. MARSH. I cover the whole crop, taking the price to the farmer at the farm on the 1st of July, the 1st of November or the 1st of December, for whatever month I made the computation. That is the only fair basis, because if the farmer has been obliged to sell or get

closed out, why he will sell a little rather than get closed out. And I saw a confidential statement yesterday (I can not call the author's name) from one Government official to another Government official pointing out what was happening to the farmers. I do not need to get that information from an official Government document. And I have been out in the Middle West and talked with the real farmers recently and they are up against it.

Mr. KING. Why are they up against it?

Mr. MARSH. They are up against it, because they had the highest, or certainly as high, cost of production for this year's crop as they had during the war, and then the price went down suddenly. And I will charge it went down because of a conspiracy on the part of the investment bankers who to-day control the Federal Reserve Board.

Mr. KING. Is it not a fact if the cotton raisers and others try to hold their stuff for a higher price, then the banks began to call their notes and to make them pay up?

Mr. MARSH. They do.

Mr. LUCE. Do you think the farmers are worse off than the people of New England where one person out of four is out of work to-day?

Mr. MARSH. One person out of four is out of work and Henry Ford is shutting down his factories and there are 4,000,000 unemployed in this country because agriculture got a stab in the heart; first, because you returned the railroads under the Esch-Cummins law—that was the worst blow—

Mr. LUCE. Do you think the farmers are worse off than the men in my region, where one man out of four is out of work?

Mr. MARSH. I would have to say, as a general proposition, I do not know.

Mr. KING. Why are they out of work?

Mr. LUCE. I am trying to get an answer to this question as a basis for my next question.

Mr. MARSH. I have the utmost sympathy for the people who are out of work, absolutely, and I am not trying to ask anything, Congressman, which is going to do anything except to make it more possible for those who are unemployed to get to work promptly.

Mr. LUCE. Please let me get an answer to that question, yes or no.

Mr. MARSH. Yes or no is a barren answer.

Mr. LUCE. It is sufficient for my purpose, because my next question is whether you desire to increase the cost of living for the people of New England who are out of work?

Mr. MARSH. I do not desire to increase the cost of living for anybody who is out of work, and I desire to prevent any effort of Congress to increase the cost of living by such a tax as a retail tax on sales or a general sales tax.

Mr. LUCE. This increase in the selling price of farm products will increase their cost of living?

Mr. MARSH. It will not increase the cost of living if the profiteers, the middlemen between the farmer producer and the city man, are not allowed to continue their profiteering. Several weeks ago I spoke to the Chicago Federation of Labor, the second largest city Federation of Labor in the United States. There were hundreds of men and women there. And I put the farmers' situation before them and I twice asked them this question: Is there any person in this room

who does not agree that the farmers are entitled to the cost of production plus a reasonable profit—and they were all agreed that they were. In addition, I want to state that when we had this farmers' credit conference down here in October, I went to Mr. Frank Morrison, the Secretary of the American Federation of Labor, Mr. William Johnson, president of the International Association of Machinists, and Mr. Warren S. Stone, president of the Brotherhood of Locomotive Engineers, and I laid before these three men this situation. I said, here is a drive of the big business interests who want to crush the farmers and labor and they are curtailing the farmers' credit so as to drive down the price of farm products, not so the consumer can get a dollar of benefit, but so the middlemen who always, up to date, have been able to get control of the farm crops, can get control at a reduction of a third to a half, and then to keep up the price to the consumer.

Mr. KING. Is it not a fact those men you speak of, who are responsible for the high prices, have had their notes discounted and have been financed through the Federal reserve system, and is it not due to the inflation of the currency, as a matter of fact, or the inflation of the basis upon which the currency is issued, is not that responsible for the high cost of living?

Mr. MARSH. It is one of the big items. If I am correctly informed, Great Britain has now reduced its gold reserve to about 8 per cent and she is capturing the markets of the world, and we are keeping ours up and getting left and are faced with hard times.

Mr. STEVENSON. An 8 per cent gold reserve in the Bank of England means about as much as a 40 per cent gold reserve as figured with our banks, I think you will find. I just want to lodge a caveat right there to my accepting that statement.

Mr. BRAND. Who was it you said had control of the Federal Reserve Board?

Mr. MARSH. I am unfortunately driven to the conclusion that the Federal Reserve Board is not serving the American people at all, but the Federal Reserve Board is serving the big interests of this country, the investment bankers.

Mr. BRAND. I understood you to say a while ago the investment bankers have control of the Federal Reserve Board.

Mr. MARSH. It would seem so. I wish I could escape that conclusion, but when I see the money sent over to New York every year for call loans and when I realize no one has refuted Comptroller Williams's charges, I can not escape it.

Mr. BRAND. Do you conclude that has caused the low price of farm products?

Mr. MARSH. I think it has a very important bearing upon it. I know this, that the terrific increase in the freight rates was the first blow, necessary of course under the Cummins-Esch law, and then, added to that, the restriction of credits, and the farmer was right up against it. Let me read what the Manufacturers Record says on that, and that is not what you would call an agent of the farmers.

Mr. KING. Is that the Chicago organ, or the Baltimore organ?

Mr. MARSH. That is the Baltimore organ.

Mr. BRAND. They are in favor of the War Finance Corporation, are they not?

Mr. MARSH. Yes.

Mr. BRAND. And you are not?



Mr. MARSH. I am not opposing it. I am perfectly willing to utilize any agency that can relieve the farmers' situation, which needs immediate relief from a condition brought about primarily by the Government's action, and therefore the Government must take the responsibility.

Mr. PHELAN. How can you say, in answer to Mr. King's question, that the inflation of the currency is responsible for the farmers' condition, and shortly afterwards say that the restriction of credits is responsible for the farmers' condition?

Mr. KING. I can answer that question.

Mr. PHELAN. I want to get the answer of the witness. In response to Mr. King's question you said that one of the conditions which brought around the situation of the farmers as it exists to-day is the inflation of the currency; and then, within a minute afterwards, you said one of the factors that brought about the present situation of the farmer is the restriction of credits. How can those two statements be reconciled?

Mr. MARSH. I do not think I quite caught his question. What I meant was this: We had had a rise in prices during the war. The prices of labor naturally followed that. The farmer produced his crop on the basis of the high labor cost relatively, the high cost for fertilizer, the high cost for freight, machinery, and everything else. That affected him; these high prices affected him. Then suddenly, after the farmer had produced on this basis, credit was denied him, so that he had to sell or else hold his crop—to sell roughly at about two-thirds as a maximum of what he was entitled to receive—from 50 per cent to two-thirds as a maximum of what he was entitled to receive. Therefore it was both inflation in prices and reduction or deflation in credits when he came to sell that caused this condition.

Mr. KING. In other words, they deflated the farmers' credits and did not deflate the speculator's credit.

Mr. MARSH. They gave the speculators nearly all the credit they wanted.

Mr. PHELAN. Of course, that is not the fact.

Mr. MARSH. That is not the fact?

Mr. PHELAN. I mean Mr. King's statement.

Mr. KING. It comes pretty nearly being the fact; it is about 75 per cent the fact. The reason the packers are able to operate to-day in the manner they are doing is on account of the assistance given them by the Federal Reserve Board through the First National Bank of Chicago and the Commercial National Bank, George M. Reynolds's organizations. They are able to build up a monopoly on account of the Government's assistance through the Federal Reserve Board.

Mr. STEVENSON. Is it our idea the manufacturer who has of course had the value of his raw material reduced about 40 to 50 per cent, that this has been done for his benefit too, or that it is merely the speculators who have been benefited? Take the cotton manufacturer for instance, cotton was purchased on the basis of 40 cents, and it is now selling at 13 cents. What is our idea about that; is that insuring to the benefit of the cotton manufacturer or not?

Mr. MARSH. The reduction?

Mr. STEVENSON. Yes.

Mr. MARSH. It might, temporarily. On a stabilized market it would. But the cotton manufacturer is not manufacturing for

to-day alone; he has his investment in the plant and, if he is an intelligent cotton manufacturer, he knows perfectly well that in order to keep going he has got to pay cost of production to the primary farmer producer, plus a reasonable profit. Now, you can make a killing for a while and get by with it, but the manufacturer who is an intelligent manufacturer knows it won't pay in the long run.

Mr. STEVENSON. But that does not get at my question. You stated a while ago that the farmer had been deflated for the benefit of the middleman and the speculator, or words to that effect.

Mr. MARSH. Yes.

Mr. STEVENSON. Now, one of the middlemen is the manufacturer.

Mr. MARSH. No, I do not call a manufacturer a speculator or a middleman. He exercises a legitimate function.

Mr. STEVENSON. He comes between the producer and the consumer.

Mr. MARSH. He does not come next to the producer of cotton usually, nor is he right up against the consumer. If I understand, the cotton factors and the other business interests handle cotton once or twice; there is not quite so much reconsignment in cotton as they have in coal, but there is a great deal of it.

The CHAIRMAN. I have before me a clipping from the Chicago Tribune of December 6, quoting your speech in Chicago. Among other things this statement appears:

The criminal conspiracy to drive down the prices of farm products was made possible by the fact that the railroads were returned to the stock gamblers.

You made that statement, did you?

Mr. MARSH. Sure, and it is true; that is the tragedy of it.

The CHAIRMAN. It says further:

The Federal reserve system now is controlled by the big predatory financial interests, said Mr. Marsh. The financial interests—23,000 persons out of our 15,000,000—are as determined to crush the farmers as well as labor.

That is your statement?

Mr. MARSH. They have garbled it a little bit, because they have not the figures quite straight. I pointed out that about 23,000 people owned about one-third of the national wealth, out of 105,000,000. And of course we all know there were 23,000 millionaires in 1918. I base my figures on Commerce and Finance. Those gentlemen have dictated the policy of the Government for a good many years. And I want to stress right now, because it bears on this whole thing, the farmers represent roughly from 30 to 40 per cent of the Nation's population. They have been told to produce and produce and produce, and God will tend to the rest, plus the men who have got the money. And they have produced. And the farmers are now determined they are not going to stop at production; that they have a right to handle in commerce their products until they reach the ultimate consumer and they know that the big profit of farming, up to date, has not been in production; it has been in distribution—for the middleman. And we know and the farmers know, from one end of the country to the other, because, literally, I have had letters this last few days from Washington State to Maine and from the South and the Northwest indicating the farmers' determination to go into agricultural commerce and to handle their crops and to get credit to do it which has aroused the enmity of the big financial interests who have

made money out of farming in the past, and it is a clean, clear-cut fight now between the farmer producer, who insists on having a chance to make a decent living and the big financial interests, who have made the money out of farming.

The CHAIRMAN. I judge from this statement you are in favor of public ownership of the railroads?

Mr. MARSH. Being an intelligent man, I can not be otherwise.

The CHAIRMAN. As an intelligent man, you will admit that?

Mr. MARSH. I will admit readily that there are two sides to it, but I know perfectly well if I had been agitating for 50 years for Government ownership of the railroads, I could not have hastened it as much as you gentlemen in Congress did when you turned the railroads back to the big financial interests after letting them rob the farmers as you did during the war.

Mr. LUCE. If we can depart from theory for a few minutes and get down to simple things, perhaps we can understand the situation. In the last summer I was living next door to a man who had poultry. He furnished me my eggs. He bought his grain without the intervention of any profiteer, so we can drop the profiteer out of the question. I asked him why I had to pay so much for my eggs and he said because the cost of grain was so high. Now grain has dropped and I am hoping next summer to pay less for my eggs. Will you tell me why I should not?

Mr. MARSH. I think maybe you will; but I am going to go back—

Mr. LUCE. No; let us not go back; there is no question of theory here at all. I want to find out why, if the laws of competition result in a drop in the cost of grain, the consumer should not profit by it?

Mr. MARSH. I think if the laws of competition result in a drop in the cost of grain, that the consumer should profit by it.

Mr. LUCE. But now you gentlemen have come here to Congress for the purpose of jacking up the price of grain. That is the whole nub of the question. All the theories you can put around it for fringe and dressing leave the center of the proposal that you want more money for your crops. Now, more money for your crops means more cost of living for the people for whom I vote. How can you answer that?

Mr. MARSH. Do you deny that in order to have permanent production in this country of agricultural products, we have got to see that the farmer gets cost of production plus a reasonable profit?

Mr. LUCE. Exactly the same as for every manufacturer in my district. We are all on the same level in that position. The laws of business do not work any different for the farmer than they do for the manufacturer in my neighborhood.

Mr. MARSH. And you will concede that the farmers, to keep on producing, have got to get cost of production plus a reasonable profit?

Mr. LUCE. Precisely like the cotton manufacturer.

Mr. MARSH. Then why does anyone who wants to aid object to the farmer getting cost of production plus a reasonable profit?

Mr. LUCE. Why do you object to my cotton manufacturer getting a reasonable price for his cotton goods?

Mr. MARSH. I do not object to it.

Mr. LUCE. Why do you come here and ask for class legislation favoring a single class in a community against all other classes?

Mr. MARSH. I do not admit your statement.

Mr. LUCE. But the deduction from your statement is the consumer in New England will pay more for what he buys.

Mr. MARSH. How do you arrive at that deduction?

Mr. LUCE. I have told you the poultry man next door to me told me the price of grain goes up and down and he has to put the price of his eggs up and down, and that I am hoping to get my eggs cheaper next summer. But you come here and ask to get something for the farm products which will merely result in the people who are suffering in my community now suffering more.

Mr. MARSH. I will tell you how I think we are going to meet the situation; we are going to meet it by giving the workers in the cities and the workers on the farms more for their work.

Mr. LUCE. That does not relieve the men who are in the bread line to-day.

Mr. MARSH. And we are going to cure it by taking the billions of unearned income which go to less than one-quarter of 1 per cent of the people—that is the thing Congress will have to do or we are going to have trouble in this country.

Mr. LUCE. I am not concerned with what happens next year or the year after; I am concerned in what happens now. And one man out of four in New England is without any income now.

Mr. MARSH. Why?

Mr. LUCE. I do not care why. You are coming here with a proposition asking legislation to extend relief. Your extending relief comes at the cost of the community where one man out of four to-day has no income whatever.

Mr. MARSH. Very well, then. You folks passed the War Finance Corporation bill.

Mr. LUCE. No; I protested against it.

Mr. MARSH. All right, you protested against it. At least it was done on the theory and with the purpose, I believe, of the people who advocated it, that it would help the farmer get a fair price for his crops.

Mr. LUCE. Certainly; Congress decided to help the farmer at the expense of the eastern consumer.

Mr. MARSH. We claim this and we absolutely know that under the War Finance Corporation the farmer won't get much money.

Mr. LUCE. I agree with you.

Mr. MARSH. It will be the big New England manufacturer.

The CHAIRMAN. I notice in a statement of the Secretary of the Treasury he says the War Finance Corporation is open for business to exporters, and then he says, further along:

The fact the corporation can not make advances directly to producers, but must extend its loans to exporters or institutions financing exports, should not be lost sight of. Applications are required by law, he explained, to satisfy the corporation that they can not obtain the desired loan elsewhere on reasonable terms, must produce adequate security, and the export proposition must meet with the approval of the corporation. From this it would appear, he added, that an exporter must have his contract before a loan from the corporation can be obtained.

That is practically in accordance with what you have said here.

Mr. STRONG. We all agree that the War Finance Corporation is now in the hands of its enemies.

Mr. MARSH. Of the people's enemies?

Mr. STRONG. No, the War Finance Corporation's enemies. They tried to prevent its being revived.

Mr. PHELAN. In view of that, Mr. Marsh, can you explain why so many enlightened and intelligent men, when they established their proposition, did not put through some such institution as the War Finance Corporation in the hands of the people who were its friends?

Mr. MARSH. I can not.

Mr. STRONG. The people are going to do that after the 4th of next March.

Mr. MARSH. They will have to, or else the party elected to power will be where the present party in power now is, after the next election. I can answer that. I can understand the situation of Congress after reading this book of Supreme Court Justice Brandeis, "Other People's Money and How to Use It," where, on page 32, he points out that the firm of J. P. Morgan & Co. hold 72 directorships in 47 of the largest corporations of the country. The Pujo committee found that members of J. P. Morgan & Co., their controlled trust companies, and the First National and City National Banks together hold in all 341 directorships in 112 corporations, corporations having aggregate resources or capitalization of \$22,245,000,000.

Mr. KING. What is the date of that investigation?

Mr. MARSH. That is a quotation from the Pujo committee investigation of 1914.

Mr. PHELAN. It was not 1914, was it?

Mr. MARSH. His book was written in 1914.

Mr. STEVENSON. Referring to the assertions made about the War Finance Corporation and the ignorance of the people who put the rehabilitation act through just now, I want to call attention just for a minute to what the people wanted. I am not dealing with the West; I suppose the people of the West know what they are doing, but the people of the South, what they wanted was a market. I have been in the cotton belt for 40 years, and I have fooled with cotton for thirty-odd years, and it is the second time I have ever seen cotton brought to market when they could not sell it. And the proposition laid down awhile ago that all this was done for the purpose of helping the middleman is fallacious, because the middleman is not buying cotton. Want of a market is what we are seeking to remedy, and one way to get a market is to finance the people who are buying cotton in the foreign countries. And the farmers down there have gone to work to get in touch with the consumer, which ought to have been done by all self-supporting farmers 40 years ago, and they have organized a corporation in South Carolina with \$3,000,000 capital to export cotton, and when it exports and sells direct to the consumer in Europe, it can come to the Finance Corporation and get money, or we are going to know the reason why. The War Finance Corporation was really rigged up and authorized to finance exports; it is not rigged up to finance the farmer directly. And if the farmers will get together and form their own export corporations and deal directly with the consumers, they can get money from the War Finance Corporation if the Secretary of the Treasury will allow it to do business.

Mr. MARSH. You had three or four "ifs" in that statement. Conceding all those "ifs" and realizing you have to wait at least two years until those "ifs" can be removed—

Mr. STEVENSON. I do not know what the "ifs" are.

Mr. MARSH. I do not see, if your "ifs" remain—

Mr. KING. How are those people in Europe going to raise money to pay those farmers without selling stock?

Mr. STEVENSON. The manufacturers in Europe can provide very readily for payment if you give them six to nine months to do it. And in so far as South Carolina is concerned, we have organized our own corporation which will give the farmer the money when he sells to them, and when we want to rediscount those bills we have \$3,000,000 behind the manufacturer in Europe who buys the cotton. And if these grain farmers out West will go to work and organize to sell their products direct to the consumer they will be able to get rid of their products.

Mr. KING. Why couldn't they organize an Edge corporation?

Mr. STEVENSON. They have an Edge corporation, but it can not export; it can only finance. But we have organized a \$7,000,000 Edge corporation which is also discounting the bills of those corporations, and we want the Finance Corporation to supplement that.

The CHAIRMAN. In connection with these promotions to stimulate export trade to Germany, have you met any of these gentlemen who have been engaged in obtaining export arrangements with Germany?

Mr. MARSH. I met Mr. Brauer yesterday—

The CHAIRMAN. Have you met any of these gentlemen who have been trying to promote and raise capital in this country to facilitate sales direct to Germany of staple products?

Mr. MARSH. I do not recall. I know the packers are trying to export both to Germany and Russia, and our position is wherever there is gold or money that can be secured to pay for farm products, that Russia's gold looks just as good to the farmers as any other.

The CHAIRMAN. Are you familiar with the negotiations looking to the financing of export trade to Germany by certain interests in this country who are friendly toward Germany? Do you know anything about that promotion?

Mr. MARSH. No, I do not. Of course, our position is this: We all know if Germany goes to smash the rest of Europe goes to smash also, and they are all tottering on the edge of the precipice to-day; and with Lenin having made an alliance with the Sultan of Turkey and with the situation in Armenia, and with the closest coalition between Lenin and the Sultan of Turkey, they are dancing in a fool's paradise over here. And there is another point, that the aggregate of the advances made by this War Finance Corporation, under this section, remaining unpaid, was never at any time to exceed the sum of \$1,000,000,000.

Mr. WINGO. The question of whether or not we erred in reviving the War Finance Corporation has nothing to do with the merits of the proposition I understood you wanted to present. You have 25 minutes left and I suggest that instead of trying to show that something that has been done in the past is unwise, you show the wisdom of this thing you want to do. I have been listening very gladly, but with all due respect to you, I think I know more about the export of cotton than you do and more about the farmers in the Southwest than you do. I know because I live among and am one of them. And I think what this committee wants is some concrete proposition that will give the farmer some practical benefit and be practicable and proper under our system of government and be of

real benefit to him. These men who sit around the board here, they are not abstract theorists; they are pretty able men or they would not have been elected to Congress for more than one term. So that, with all due respect to you, I suggest that you get down to the concrete merits of the concrete proposition you have suggested.

Mr. MARSH. I think I have. I am perfectly willing to submit whether I am getting at the concrete merits to your constituency.

Mr. WINGO. Your reference to England forming an alliance with the Sultan of Turkey appeals to the Irish blood in me—

Mr. MARSH. I said Lenin; not the Government of England. For heaven's sake don't confuse them.

Mr. WINGO. I thought you said England. I am not on diplomatic terms with either one of them. [Laughter.] But what Lenin does with the Sultan of Turkey has not anything to do with relief of the cotton farmer of Arkansas and what Congress can do to give him that relief.

Mr. MARSH. If you think there can be another war, in addition to the seventeen, without affecting the cotton grower, you are living in a fool's paradise.

Mr. STRONG. Is it your purpose, Mr. Marsh, to have this committee remedy that war over there?

Mr. MARSH. No. I have been interrupted so much—

Mr. WINGO. My proposition is this, that you do not have to come here and argue to prove what the condition of the farmer is.

Mr. MARSH. I have not done that.

Mr. WINGO. You just said war would have a bad effect on the farmers. We all know that. Any schoolboy knows what effect war has on the farmers. What I would like to know is the merit of the plan you have offered.

Mr. MARSH. You were not here when I stated the plan, Congressman?

Mr. STRONG. No; he was not; neither was I.

Mr. WINGO. No, but I understand you proposed an agency similar to War Finance Corporation with a fund of \$800,000,000, which is less than the maximum of one billion available by War Finance Corporation.

Mr. STRONG. I represent an agricultural district, Mr. Marsh; I think the best in the Nation. I know what the condition of the farmer is and I know he needs and is entitled to some relief, if it can be given to him. I have been trying to support every measure I thought would bring any relief to his present condition and I would like to ask you some questions to try to ascertain whether or not your proposition will bring that relief. Your proposition is that a commission be created by Congress to finance a sales and collection agency to export the farmers' products to other countries, to be purchased by this commission at the bulk-line cost of production, plus a fair profit. Do you mean for this commission to go out and buy these products of the farmers?

Mr. MARSH. Yes; directly or through cooperative agencies.

Mr. STRONG. At the cost of production, plus a reasonable profit?

Mr. MARSH. Plus a reasonable profit.

Mr. STRONG. If that final cost is more than the market price, to whom are we going to sell it?

Mr. MARSH. We can sell it to a great many European peoples.

Mr. STRONG. Higher than the market price?

Mr. MARSH. No.

Mr. STRONG. Is that the reason you put in this proposition that the Government is to be at the risk of making collection?

Mr. MARSH. Yes.

Mr. STRONG. You want this corporation to go out and buy of the farmer his products at the cost of production, plus a profit, which, if that final price is more than the market, will make it impossible to sell on the markets of the world; and then you want the Government to stand the risk and loss on that proposition?

Mr. MARSH. I will tell you, yes. Let me answer your question—

Mr. STRONG. You said yes, and that is all I want to know.

Mr. MARSH. I want to amplify it.

Mr. STRONG. Your answer is sufficient for my purpose. How do you expect this corporation or commission can continue indefinitely in the face of that kind of a line of losses?

Mr. MARSH. How do you expect Congress to continue indefinitely—

Mr. STRONG. Answer the question.

Mr. MARSH. I am going to answer it by asking another question.

Mr. STRONG. No, you are not; I want you to answer my question. Now, I would like to know—I am trying to get at some facts that will help me—if this thing will help the farmer I am for it, you want a commission to go out and purchase above the market price the crops of the farmer, which will run up into the billions of dollars. You say the loss to the farmers now is a billion dollars, and I am inclined to agree with you. Now, you want to go out and buy the whole crops which will run into many billions—

Mr. MARSH. Oh, no; I did not say that.

Mr. STRONG. If you undertake to buy the crop at a price higher than the market price, you will get all the crop.

Mr. MARSH. What will the market price yield?

Mr. STRONG. Then you expect the Government to buy all these products and to hold them until it gets a profit; is that your idea?

Mr. MARSH. No.

Mr. STRONG. What is your idea?

Mr. MARSH. You have an industry affecting the welfare of the entire Nation frightfully depressed.

Mr. STRONG. I admit that.

Mr. MARSH. The depression of agriculture is basic, because of which there is unemployment throughout America.

Mr. STRONG. I admit that.

Mr. MARSH. Now, we have to relieve that situation promptly, or we will have a great deal of trouble.

Mr. STRONG. I admit that.

Mr. MARSH. We are suggesting a remedy. With the expenditure of \$1,633,000,000 on the Army and Navy—

Mr. STRONG. I am against that.

Mr. MARSH. A large proportion of which will go to the manufacturers of munitions of war, iron, and steel—

Mr. STRONG. I am against those fellows.

Mr. MARSH. Good; all right. Now, we are not in an ordinary condition in the country or in the world—

Mr. STRONG. Not in our country.

Mr. MARSH. Certainly not in our country. We merely suggest that with the expenditure of \$600,000,000 or \$800,000,000 by Congress, to buy the surplus products of agriculture, on the only basis upon which agriculture will continue in America—it is not a special privilege, and it will benefit the entire people more than any other six or eight hundred million dollars you can spend.

Mr. STRONG. Aren't you contemplating the impossible? Six or seven hundred million dollars would not buy the surplus crop of Kansas.

Mr. MARSH. Oh, yes, it will.

Mr. STRONG. No it won't.

Mr. MARSH. We haven't got to deal with all the crops, because we do not export a great deal of corn. Eighty per cent of the corn stays in the United States.

Mr. STRONG. You are going to leave out my corn farmer who started in with corn at \$1.20 a bushel and corn went down to 30 and 40 cents—you have no sympathy for him?

Mr. MARSH. Oh, no—

Mr. PHELAN. What part of the crop are you going to buy with the \$800,000,000?

Mr. MARSH. The minute you spend \$100,000,000 on this, the price of farm products, corn included, will be stabilized.

Mr. STRONG. Six or seven hundred million dollars to buy the surplus farm products wouldn't be a drop in the bucket.

Mr. PHELAN. Whose crop are you going to buy?

Mr. MARSH. I will leave that up to the commission.

Mr. PHELAN. Take wheat.

Mr. MARSH. Go to the United Wheat Growers of Kansas, or the Equity Cooperative Exchange, or any of them.

Mr. PHELAN. You would buy anybody's cotton or anybody's wheat?

Mr. MARSH. Surely.

Mr. PHELAN. What about those whose cotton or wheat is not bought?

Mr. MARSH. Just as soon as the Government goes into the market and spends even \$250,000,000 or \$500,000,000, the price of farm products will come back to somewhere near the cost of production.

Mr. STRONG. Then your idea is the Government will buy up the surplus of farm products and hold it until the world is hungry enough to buy at a profit?

Mr. MARSH. No; not hold it until the world is hungry enough to buy at a profit, but this commission is an export board.

Mr. STRONG. They can not export it if they do not sell at the market price.

Mr. MARSH. If necessary, let them take a little loss.

Mr. STRONG. How much loss?

Mr. MARSH. Let them decide.

Mr. STRONG. You do not care how much loss?

Mr. MARSH. No, I do not care how much loss. Rather than see the condition facing this country, I would rather see you put a capital tax of 25 per cent on every millionaire in America.

Mr. BROOKS. Suppose we lose a lot of money each year on this operation: How long can you continue before the country will be bankrupt, just like Germany, Russia, and other European countries.

Mr. MARSH. We have spent a great deal of money during the war—

Mr. BROOKS. Of course we have but that is not answering the question. How long could it continue before this country would be bankrupt and be in the same condition as European countries?

Mr. MARSH. If you will stabilize the agriculture of the country, you can not go bankrupt.

Mr. BROOKS. Do you contend you can stabilize agriculture in this country if people only buy in this country, if they don't buy in the world?

Mr. MARSH. We heard a good deal about "America first" during the war, and I am inclined to think we should think about America first now.

Mr. BROOKS. Sure; but you can not fix the price of agriculture of the world by stabilizing a product in our own country alone.

Mr. MARSH. You can have a profound influence upon it, just exactly as Great Britain sent men over here to buy wheat after it was hammered down and got away with it.

Mr. STRONG. Admitting, for the sake of the argument this Government could buy the surplus crops of the agricultural interests, and found the money to do so, which I do not admit, but assuming they could, for the sake of the argument. Then when the manufacturer and the miner comes along and says, "Here, we want the Government to buy our surplus products and stabilize our market," would you be in favor of doing that?

Mr. MARSH. I would meet that situation when it arose.

Mr. STRONG. Will you answer that question.

Mr. MARSH. I do not want to answer hypothetical questions here.

Mr. STRONG. I want to get your attitude on this matter.

Mr. MARSH. If it were necessary, under similar conditions, yes; because I think it ought to be the function of the Government to help the largest proportion of the people and not to do as it has, up to date, make a few multimillionaires.

Mr. STRONG. Sure. Get all of your socialistic remarks in the record.

Mr. MARSH. No; I have made no socialistic remarks.

Mr. ECHOLS. You say you will meet this proposition when it arises. I have a telegram from the Kanawha Coal Operators Association this morning, in which it states that 79 mines are shut down in my district for lack of orders. These 79 mines employ approximately 15,000 men and those men have families. They are out of work. Now what would you do for those men and their families? You say you would meet this proposition when it arises; it is here now.

Mr. MARSH. I would do this; I would ascertain whether those coal companies were among the companies which made a profit of from 25 to 2,000 per cent—

Mr. ECHOLS. But that does not help these men.

Mr. MARSH. Oh, yes it does. If you want to do something for those men, you will go to the Bureau of Internal Revenue here and they will tell you the profits, and then if you take the same position

on that industry that the Industrial Court took in Kansas, you will settle that situation promptly.

Mr. ECHOLS. I will admit for arguments sake all these coal operators have made big profits during the war and since the war. I will admit that; I do not know whether they did or did not, but for arguments sake I will admit it. Now; what would you do for these 15,000 men out of employment and their families?

Mr. MARSH. What we have to do, Congressman, is to consider immediately a program which we have greatly needed and which has been long delayed—a program of needed public improvements.

Mr. STRONG. Where are we going to get the money for them?

Mr. MARSH. You are going to get the money by taxing the few people who now have the wealth of this country.

Mr. STRONG. Suppose they walk or sail out of the country?

Mr. KING. It would be a good thing if they did.

Mr. STRONG. Suppose they did; how would you tax them?

Mr. MARSH. Would they go to Germany?

Mr. STRONG. I do not know.

Mr. MARSH. Or would they go to some place else—

Mr. KING. They won't go; the picking is too good here.

The CHAIRMAN. Our time is limited and you are making an important suggestion to the committee that the public Treasury finance the export of these products and take the risk and responsibility for it. You come here before this committee where some of us know you as secretary and director of legislation of the Farmers' National Council. Now there is a great amount of ignorance on the part of Congress, I think, as to that organization and these various other organizations that are coming here speaking for the great mass of the people, and I wish you would tell us just who you are and what the Farmers' National Council is. I see from your letterhead here that the Farmers' National Council is made up officially of Herbert F. Baker, president; George P. Hampton, managing director, and Benjamin C. Marsh, secretary and director of legislation. What I want to get at is just exactly who you are speaking for when you appear before the committee, and the composition of your organization, etc.

Mr. MARSH. May I make this statement: I will be glad at any time to go into detail, but you will find all this thing in part 31 of the last hearings of the House Committee on Agriculture, on packer-control legislation. We fought the packers very hard and, therefore, the packers got their friends here to read into that record nasty attacks on the council and I demanded an investigation and we had it. And I express the hope (which please put in the record) that you will ask the American Farm Bureau Federation to explain how it was originated and how it financed the drive for its membership and how it determines its national policies.

Mr. STRONG. We want you to tell us about your organization. I would like to have you answer the chairman's question now.

Mr. MARSH. Surely, but it is a funny thing I am asked, whenever I suggest a proposition for the council, approaching a fundamental proposition, whether we are fakors or not.

Mr. STRONG. I have told you who I represent, and I would like to know who you represent.

Mr. MARSH. I am going to try to tell you.

The CHAIRMAN. There was no intention on my part to put a question and unduly restrain you in answering, but this is something I personally want to know and I feel, from my conversation with the members of this committee and other Members of Congress, when these various organizations are coming before Congress, that we want to know who they are and what they represent. They are bringing important information and suggestions to Congress, and I think it is time Congress should know the make-up of the organizations in back of you men. You speak of requesting that these questions be propounded to the American Federation of Farm Bureaus. I have already asked Mr. Grey Silver to be prepared to answer these same questions to this committee, when he appears before the committee, so that you may know this is not aimed directly at you. But it is the purpose of this committee to ascertain who you men are speaking for and the composition of your organizations.

Mr. MARSH. All right. I will make a brief statement and then I am going to suggest, if you will, that you ask the managing director, Mr. George P. Hampton, to come and give you the full information; because I have been with the Farmers' National Council for three years in March and he has been here for the last 12 or 14 years. Therefore, you can see it would be better for him to make the full statement; or you can incorporate part 31 of the hearings last spring of the House Committee on Agriculture on the meat-packing industry.

The Farmers' National Council is a union of State and National farm organizations, specifically to carry out a reconstruction program which was adopted here at the Farmers' Reconstruction Congress held two years ago. I will tell you how that program was drafted—

Mr. STRONG. Let us have the question answered.

Mr. KING. The gentleman is talking fast; he is putting it in fast.

Mr. MARSH. That Reconstruction Congress held here in January, 1919, was composed of duly accredited delegates from these farm organizations, including as respectable a man as Senator elect Doctor Ladd of North Dakota; Mark P. Bates, who has been candidate for governor of the State of South Dakota, and others; representatives from the National Gleaner Federation, of which our president, Mr. Herbert F. Baker, is now on the executive committee; several representatives from the American Society of Equity—

Mr. STRONG. Is that a farm organization?

Mr. MARSH. Oh, yes. It has now been changed over into the United Farmers of America.

Mr. STRONG. Where are their headquarters?

Mr. MARSH. Madison, Wis. Also, representatives of the Washington State Grange; the North Carolina and Nebraska Farmers' Unions, and several other granges and similar farm organizations.

The CHAIRMAN. This Farmers' National Council is evidently a compact organization. What is your membership?

Mr. MARSH. We do not go by individual membership at all; in other words, we are simply a union of these existing farmer organizations, State and National.

The CHAIRMAN. How are you supported?

Mr. MARSH. We are supported chiefly by voluntary contributions and some of the organizations make a per capita contribution or dues. For instance, I was down in North Carolina last October

and they made the dues at that time 10 cents per capita, the National Grange gets 8 cents and we get 2 cents per capita more.

Mr. BROOKS. Where do you get these volunteer contributions?

Mr. MARSH. We get the volunteer contributions from farmers vitally interested in seeing the program carried out. For instance, on the packers' control legislation we got contributions from Mr. Lasater and Mr. Kent.

The CHAIRMAN. Do they contribute, each one, a certain amount to your support?

Mr. MARSH. Not all of them. They are gradually doing that, and increasingly so. The Washington State Grange is contributing and the Minnesota United Farmers of America and, to a small extent, some of the others.

Mr. BRAND. How many States are represented?

Mr. MARSH. There are about 18 States in which the united farm organizations are the leading representatives.

Mr. STRONG. Do you receive anything from the farm organization in Kansas?

Mr. MARSH. Not in Kansas; no.

Mr. KING. It has been suggested to me and a number of the members of the committee that a number of these farm organizations were really organized and financed out of Joseph Fels single-tax money. You are familiar with the Joseph Fels single-tax fund and the millions that are laid up there for propaganda purposes? Is your organization connected with that, and do you receive any money or help from the Joe Fels fund?

Mr. MARSH. The Farmers' National Council did receive a very small amount up to, if I remember correctly, a year and a half or two years ago, from Mrs. Fels; but we have not received one cent since.

Mr. STRONG. What do you call a small amount?

Mr. MARSH. I can not state the exact amount, but a small part of our budget.

Mr. KING. Is your organization in sympathy with ultimately putting on the farmer the single land tax; are you working for that? I am in harmony with a great deal you have said here, but I want to know about that.

Mr. MARSH. Instead of that, the Farmers' National Headquarters in 1918 organized the Farmers' National Committee on War Finance, of which Senator Arthur Capper, then governor of Kansas, was chairman. As far as my knowledge goes, I was the only member of a farm organization which appeared before the committees here on behalf of the council and the council was the only farm organization which made a campaign throughout the country for taking all incomes over \$100,000, for a heavy tax upon estates on war profits and upon natural resources held idle during the war. The Farmers' National Council advocates a capital tax upon all property and taking of at least 75 per cent of the value of all property over \$5,000,000 and paying the war debt with it instead of trying to saddle it on the workers in the cities, on the farms, and elsewhere.

Mr. KING. You are not seeking, then, to boost the single tax eventually?

Mr. MARSH. No; I am a single taxer.

Mr. KING. You know the Joe Fels millions, whenever there is any disturbance in any part of the country or anything of that kind, are

in the habit of starting these paper organizations here, there, and elsewhere and setting up a secretary with a desk and a nice stenographer and stationery. You know your organization is not one of those organizations, or is it?

Mr. MARSH. I would refer you —

Mr. KING. I want you to tell me.

Mr. MARSH. Of course we are not, and for corroboration I refer you to any one of these officers of the organization. But isn't it time (and may the members of the committee listen to this suggestion) for Congress and for everybody, instead of worrying over the rapidity with which these organizations get public attention when these disturbances begin to occur, to begin to put a little gray matter into the thought of why this country is in an upheaval from one end to the other.

Mr. STRONG. That is what we are doing and that is what we are trying to find out.

Mr. MARSH. I say this, that I wish I had as much as half of that Joe Fels fund for the farmers, but I would much prefer to get it as we are doing to-day—from the farmers.

Mr. STRONG. But your corporation, or your organization, until two or three years ago, did receive money from the Joe Fels fund?

Mr. MARSH. It did receive a little money from Mrs. Fels.

Mr. STRONG. More than once?

Mr. MARSH. I think two years. It may have been once, but I think it was two years.

Mr. STRONG. What is your salary?

Mr. MARSH. I would be glad to tell you, unless you would call me a piker—\$300 a month.

Mr. STRONG. What is your expense account?

Mr. MARSH. I have not anything except travel. I will be glad to tell you and put it into this record. The American Farm Bureau Federation's president gets about \$15,000, and will you put into this record what has happened to the American Farm Bureau Federation?

Mr. STRONG. No; we do not want that.

Mr. KING. Yes; let us have that.

Mr. BRAND. Is that the corporation down here on I Street?

Mr. MARSH. No.

Mr. KING. Who runs the Illinois Agriculture Association?

Mr. MARSH. As I understand, 100 men got together there and each of them underwrote \$100, and they put on a campaign and they have a big membership.

The CHAIRMAN. I am anxious to know the composition of your organization, what the men associated with you stand for; whether they are actual farmers or whether they are heads of organizations composed of the type of men similar to yours; just how you approach the farmer and report and get suggestions from the farmer; and I am anxious to know, also, the amount of your actual expenditures in your work. You are doing a very interesting work and it costs money to do it, but I think from the questions that have been propounded to me and that I have heard other Members ask, that they want to know from what source this money is coming for the support of this organization; how you get the word from the farmers about these suggestions, and whether they are the suggestions of your own organization or the suggestions direct from the farmers. There



seems to be a difference of opinion regarding these suggestions that are made from time to time, the thought prevailing in some instances that these organizations themselves work out these plans and they are not the real suggestions from the farmer. Those are the questions I wish you would take some pains with and put your answer into the record, either oral or in a written statement, so that the committee may know the make-up and what support is in back of these organizations.

Mr. MARSH. I want to make a further statement, in view of those questions and then say, of course I will be glad to try to do this and within a very short time you will get a great deal of data. But I request in justice, or in fairness (we are glad to give this information), that you ask the other farm organizations with headquarters here to come here and do this same thing.

Mr. STRONG. We will have them come.

Mr. MARSH. Oh, no.

Mr. STRONG. We will.

Mr. MARSH. You misunderstood my point. Will you invite them to come here and give this information, because they are appearing constantly? Will you also make a congressional inquiry of all the Members of the Senate and House with what corporations they and their families are connected; what their income is from interest investment and from what corporations they are getting their income and what they have gotten during the past three years of the war from those corporations?

Mr. BROOKS. What has all that to do with this proposition?

Mr. STRONG. I will say, for your benefit, I do not represent any and did not make any money during the war and that I represent a farming district.

Mr. MARSH. The Farmers' National Council's program was not drafted by a little bunch of city reformers; it was drafted, as a matter of fact, after the armistice of November 11, 1918. There were a lot of men from bona fide national farmers' organizations and from the State Grange of Washington and Oregon. Then it was sent to these farm organizations, and the American Equity Society indorsed it with hundreds of delegates.

Mr. STRONG. Where was that held?

Mr. MARSH. I think at Madison that year; the American Society of Equity; and it is substantially the national program of the National Non-Partisan League. We do not indorse socialism, but the Socialist Party polled a million and a quarter votes this year.

Mr. STRONG. Unfortunately.

Mr. MARSH. Now, Congressman, if we are going to deny them the right to express their opinion, it is a tragedy.

Mr. STRONG. It is a tragedy.

Mr. BRAND. You made a very important statement a while ago that the investment bankers and other bankers are in control of the Federal Reserve Board. That may or may not be true, but I am under the impression they have been influenced by somebody and not in the interests of the farmers. That is an opinion of yours, and I want you, if you do not object, to give the facts and the information upon which you base that opinion, and if you are not prepared to do it now, if the committee will allow you, to present it in writing.

Mr. MARSH. I would be glad to.

Mr. BRAND. If that is true, the public ought to know it, and a great many people are believing it.

Mr. KING. I believe it.

Mr. BRAND. I believe it. You will submit it in writing?

Mr. MARSH. I will submit it in writing; yes.

Mr. PHELAX. The chairman has asked a question and I, for one, would like to get an answer to it. Whether we ask other farm organizations similar questions is not pertinent just now. I think we have a right to know in any case who any witness is representing, and for my part it is entirely without prejudice. I know nothing about your organization. I suggest that Mr. Marsh be permitted to answer your question in full, Mr. Chairman, without any interruptions from anybody, and then we can get an answer to the question.

Mr. BRAND. He said he would put it in later.

Mr. MARSH. Shall I continue about how this program was adopted?

Mr. KING. What is it you are going to answer now?

Mr. MARSH. You were asking how we got this program started.

Mr. KING. No; you have already got that in.

Mr. MARSH. I went down to North Carolina, to the farmers' union, and talked to those men last October for an hour and a half, and they adopted resolutions which makes me look as conservative as Methuselah. I also went out to the Nebraska Farmers' Union a year ago this month and put up this whole program of Government ownership and operation of the railroads there to 2,000 men and told them what Congress was doing down here—

Mr. STRONG. What you thought they were doing.

Mr. MARSH. Oh, I had the record; that made it deadly.

Mr. STRONG. You did not know much about it.

Mr. MARSH. And I am going to repeat that we never get before a farmers' organization, a bona fide farmers' organization, and put these facts up to them but that they indorse our program. I started to say, when something came up earlier, that I was invited last month, over the signature of President J. R. Howard, of the American Farm Bureau Federation, to go out to their Indianapolis convention to address them and I got there and they were afraid to let me go on the program. Although they only had 66 delegates who assumed to speak for the farmers of America, they were afraid to let me put this little program of economic justice before the farmers. And I will make this statement, that the American Farm Bureau Federation and the other farm organizations have cost the farmers of America more during the past year than they will save in the next 10, unless they change their position and action on these economic issues. The responsibility I place directly upon the leaders of those farm organizations, because you and I know the farmer members themselves are all right when they can get control of their officers.

Mr. STRONG. Will you permit me to say that in Kansas we have a farmers' grange and a farmers' union that are a very patriotic and well-managed organization, with which I understand you have no connection?

Mr. MARSH. I know they are doing a splendid cooperative work.

Mr. KING. It is a fact there are a number of leaders you are speaking of who organize those organizations for the farmers to lead them, or attempt to lead them.



Mr. MARSH. I will leave it to a congressional investigation to determine whether that applies to the Farmers' National Council.

Mr. KING. We are trying to get it out of you.

Mr. MARSH. I think so; yes.

Mr. BRAND. Where were you born?

Mr. MARSH. My father and mother were Americans and they were missionaries and I was born in Bulgaria. I went to college out in Iowa and worked on a farm to pay my way through, and have lived in New York, Pennsylvania, Massachusetts—

Mr. BRAND. How old were you when you came over here?

Mr. MARSH. The first time I was quite young, and I came over when I was 14 the last time.

Mr. STRONG. What is your business?

Mr. MARSH. My business is working 16 hours a day for less than half of a Congressman's salary.

Mr. STRONG. You know a Congressman works about the same number of hours and practically gets no salary when he pays his Washington expenses, don't you?

Mr. KING. You don't have any campaign expenses.

Mr. BRAND. I think he has a good many.

Mr. STEVENSON. I was not here when you began and I did not entirely get your plan. As I understand it, however, your plan is for the Government in some way to undertake to buy up the grain crops now in the hands of the farmers?

Mr. MARSH. May I put it concisely: I suggest we do favor the rehabilitation of the Grain Corporation to handle the wheat proposition. Then our definite proposal before this committee, which comes before you, is that a commission be created to export the surplus staple farm products, buying them at the bulk line cost of production plus a reasonable profit, and the Government to assume the risk if there be any and this commission to determine the length of time credit shall be extended. You turned over billions to the railroads with never a murmur; and now that we are asking something for the farmers you say, "Oh, socialism; socialism."

Mr. STEVENSON. From whom do you propose to buy the farm products; from the producer or from the people who have already bought them from the producer at a ruinous price?

Mr. MARSH. I would go to the producer.

Mr. PHELAN. But you leave that open in your suggestion?

Mr. MARSH. I leave that open for this commission to determine.

Mr. STEVENSON. When you have only 40 per cent of it now—

Mr. MARSH. Pardon me, I did not make any such statement at all.

Mr. STEVENSON. I think you said you thought 40 per cent of the grain was still in the hands of the farmers.

Mr. MARSH. I said at least 40 to 50 per cent of the wheat.

Mr. STRONG. More of the corn?

Mr. MARSH. Oh, infinitely more.

Mr. STEVENSON. Suppose you go to the producer, then, to buy all that is left in the hands of the producer, whether it is 40 or 60 per cent; don't you immediately jack up the price of that which has already been bought by the speculator at a ruinously low figure, and thereby make him more money than you do anyone else, at the expense of the consumer?

Mr. MARSH. No.

Mr. STEVENSON. Won't that be the effect? If there is any answer to that I would like to hear it.

Mr. MARSH. I will try to give it to you. I will back you and get the indorsement, I think, from all organized labor and all the farmers, practically—although they do not agree on anything. I think most of them will agree to this—

Mr. STEVENSON. I want to know why it would not tend to raise the price to the speculator who has already bought?

Mr. MARSH. It would tend to; but is Congress impotent to control speculators as during war? You can go into every one of these crops that is bought, farm products, and you can control them if you want to through to the consumer practically.

Mr. STRONG. In your opinion?

Mr. MARSH. If Congress can not, it can resign and let somebody be elected that can.

Mr. STRONG. Why don't you go out and get elected?

Mr. MARSH. I did not run for office.

Mr. STRONG. You are holding office without running.

Mr. PHELAN. Assuming it does raise the price of the products in the hands of the speculator, why does not the War Finance Corporation act, using an analogous case, which Congress passed, give the speculator just as good a market for his goods? Does that go to the essence of the thing anyway?

Mr. MARSH. It does not.

Mr. PHELAN. Does your organization indorse the tariff bill now in the Senate?

Mr. MARSH. I am asked this question, whether our organization indorses the tariff bill which has passed the House and is now in the Senate. I will answer this: We frankly have yet to be shown where the farmer will get any material advantage out of this tariff bill. If Congress, or the party in power, is going to reverse its entire policy, which has always been to give sky-scraper duties—

Mr. STRONG. Oh, that's not so.

Mr. MARSH. I am going to put this in the record.

Mr. STRONG. Sure; for your own selfish gratification.

Mr. MARSH. I resent that.

Mr. BROOKS. Why don't you answer the question?

Mr. MARSH. I will answer if I have the right to make an answer to the question in my own way.

Mr. KING. Why don't you give us the information?

Mr. WINGO. I think the witness ought to be allowed to answer in his own way. Of course he means if we are going to return to "normalcy." I know that is what he means, but he is going to express it in some other way.

Mr. PHELAN. The question is whether your organization either does or does not; so the question is subject to a yes or no answer in this case.

Mr. MARSH. The council has not taken any position on the tariff. I started to say that the party in power has never, up to date, let the farmer have any adequate protection by the tariff.

Mr. KING. You mean the Democratic Party, the one in power now?

Mr. MARSH. No; I mean the party in control of Congress.

Mr. WINGO. The gentleman over here [Mr. King] has not yet learned he has been in power for two years; he does not know that.

Mr. MARSH. You have never given them any adequate protection, and we think it very doubtful whether a tariff duty upon farm products, of which we export a great deal, is going to help the farmer very much.

Mr. PHELAN. That is what I want to get at.

Mr. KING. You do not represent any farmers in my section of the country. They are for a tax on Argentine corn.

Mr. STRONG. And on Canadian wheat in my country.

Mr. PHELAN. This is the only thing I want to get at: I suppose you take this position, that the farmer can not be benefited by an import tax on wheat if he can go into the market of the world and sell wheat in competition with foreigners.

Mr. MARSH. I am willing to be shown how he can, and we did not oppose this tariff bill, and I was before the bipartisan caucus in the House—

Mr. PHELAN. I do not want to get in this discussion—

Mr. MARSH. I do, because when you leave a question unanswered it looks half baked. We would like to have you provide that there shall not be any more sky-scraper duties upon manufactured products and big protected interests (which will certainly deprive the farmer of all the benefit he might possibly secure from a protective tariff on foreign products if you do that), and we would also like to know where you are going to export if you shut off imports.

Mr. PHELAN. Then you maintain that you can sell your wheat in the markets of the world to-day?

Mr. MARSH. If you get credit.

Mr. PHELAN. Yes; I was not referring to that; I mean you can raise wheat and get cost of production for the farmer and a reasonable profit, and still go out in the markets of the world and sell your wheat? You maintain that?

Mr. MARSH. Would you repeat that?

Mr. PHELAN. The farmer can raise his wheat and get cost of production out of it, plus a reasonable profit, and still go out into the markets of the world and sell wheat in competition with the foreigner?

Mr. MARSH. I am not sure you can. When you increased the freight rates from 40 to 50 per cent you pretty nearly killed the wheat grower, and I do not know whether you are going to be able to play this game of sacrificing the farmer to the Wall Street gang and then turn around and give him a little protective dose of tariff without passing it all around or not.

Mr. PHELAN. If he can not raise wheat and get cost of production out of it, plus a fair profit, and sell in the markets of the world in competition with foreigners the Government can not finance the export of it without a loss, because it can not sell any better than the farmer can in competition with the world; is not that so?

Mr. MARSH. The tendency would be that way.

Mr. PHELAN. Is not that exactly so?

Mr. MARSH. I do not know. I do not know what effect it would have upon prices here. It would be the effect on world prices for the Government to buy this crop. I am inclined to think it would stabilize world prices as well as domestic prices, very materially. I am inclined to think some of the opposition to it is because that would be the effect. Let me get this point in—

Mr. PHELAN. I am asking largely for information.

Mr. MARSH. I appreciate, that and I am trying to answer you, but I can not be dogmatic about these abstruse questions which have flabbergasted everyone for 50 years. I am not a Member of Congress and am not an authority upon it; I have to figure it out. But you will agree to this, that unless the farmer does get cost of production, plus a reasonable profit for his wheat, the War Finance Corporation is going to be no help to him, but a detriment.

Mr. STRONG. If they supply foreign credits and encourage export shipment, it would help.

Mr. MARSH. No. The more the farmer produces the worse off he is.

Mr. PHELAN. Now, I will answer your question: you have attempted to answer mine. I do not admit if the farmer does not get cost of production, plus a fair profit, that he will cease to produce farm commodities. I do not believe you should put your question in that form. It may be at a given time, because of the high price of labor and the high price of farm implements, fertilizer, etc., the farmer will not get cost of production plus a fair profit. If you put your question over a reasonably long period of time—

Mr. MARSH. That is what I mean.

Mr. PHELAN. That is not what you said.

Mr. MARSH. How long will he keep on producing at a loss? How long will you Congressmen sit here without your salaries?

Mr. PHELAN. I just want to call that to your attention, that others in this country are now selling at a loss and they are going to continue doing business. They are selling at a loss because the country has been on an inflated basis and the country could not stand it any longer. You can not ask your question without qualification and expect some affirmative answer to it. And that goes to the root of this question, whether or not the economic conditions in this country are such that the farmer can get the price he anticipates or even can get cost of production plus a fair profit. That is a question going right to the root of this whole matter.

Mr. MARSH. Was the purpose of Congress or the chairman or any member of the committee, in creating the War Finance Corporation, to enable the farmers to secure cost of production, plus a reasonable profit, or not?

Mr. STRONG. If possible.

Mr. PHELAN. There is not anybody, in passing an act of Congress who can tell exactly what the effect is going to be. The purpose of the resumption of business by the War Finance Corporation was this: It was to find a market for America to export goods. Essentially, that is the only thing it attempted to do. It was hoped by the advocates of it that, finding a market they at least could get a better price than they are now getting and by moving their goods we would the sooner resume normal conditions. I do not believe anybody had any idea what the price was going to be, but he hoped at least they would find a market for their goods and get results.

The CHAIRMAN. What would effect, do you think, a stimulant of export trade, say of wheat? Does the question of price have anything to do with it? Is it a question of price that is necessary to stimulate trade or a question of settlement?

Mr. MARSH. It is both, I think, unquestionably; but what object was there to the farmer in selling wheat below the cost of produc-

tion, or any other farm staple? You have seen the big holding movement all through this country. Why? Not because they did not want to supply the needs of their own people, but because the farmers had been waked up and realize, as I tried to outline in my first statement, they are up against the big investment bankers who finance the commerce of agriculture and they are going to fight them. They do not want to put their neck in any international situation and get lower prices than they get here at home. They know the tendency of these exporters is going to be just what it has been, the fellows who already buy the farm products for domestic consumption. The tendency of the exporters, who certainly are not the only ones who want this War Finance Corporation, their whole purpose will be to get farm products just as cheap as they possibly can. And I do not see where the farmer stands to do anything except to suffer under that.

The CHAIRMAN. Are you of the opinion there are available credits abroad for the purchase of our goods which can be exported? You made a pretty general statement indicating the bankruptcy of the countries abroad. In view of that statement, do you think there are credits available for the purchase of the products of our farms?

Mr. MARSH. I think there may be some, but I have very serious question whether any foreign country can help us. We have seen here that England has 21 per cent debt, Italy 49, Russia 42, France nearly 45, and they are simply piling up debt and there has been an increase in their national debt of \$45,000,000,000 in the last year. And any sane man knows with the inflation of currency and the use of paper money they are in a fool's paradise.

The CHAIRMAN. I infer from these statements you have made, you consider it a very great hazard and a very great risk for those engaged in the matter to export at this time?

Mr. MARSH. I do.

The CHAIRMAN. And they are going to insist on a very heavy profit on that transaction?

Mr. MARSH. Yes.

The CHAIRMAN. With their situation, then with the revival of the War Finance Corporation as provided in that law, that these exporters shall get a fixed rate of interest, is not the War Finance Corporation assuming considerable of a risk in financing that trade at this time?

Mr. MARSH. I think they are assuming the risk that there will be nothing to export.

The CHAIRMAN. You do not think they will export anything?

Mr. MARSH. Not unless they hammer the prices down to the farmer, so that the farmer might just as well, from his own personal viewpoint, chuck his products into the creek.

The CHAIRMAN. In other words, what I was trying to bring out is there is very great hazard and risk in this export business now and those engaged in it are going to take long chances and exact big profits?

Mr. MARSH. Somehow or other.

The CHAIRMAN. And while they are doing that, they can go to the War Finance Corporation and get a low rate of interest to finance themselves.

Mr. MARSH. Yes; because section 3, paragraph 2, makes it clear that they can make loans "To any bank, banker, or trust company

in the United States which after this section takes effect makes an advance for any such person, firm, corporation, or association," etc.

Mr. WINGO. I am interested in your proposition you have here. Let us assume for the sake of argument, the War Finance Corporation won't be worth anything and assume we propose to try your plan: Do you think if the Government should go out, assuming it is able to get the money, assuming we sweep aside all the objections suggested and we pass your proposal and put the Government out buying the surplus farm products, wheat, cotton, and everything else, especially wheat and cotton, which must find a market on the markets of the world—I am interested in this, and I would like to get your judgment on it—do you think we would be able to get a market in Europe for those goods, the wheat and cotton, at a price which would represent cost of production plus a reasonable profit to the American farmer?

Mr. MARSH. I do not know whether we could or not. I am inclined to think we could in some of the countries, because they are pretty hard up for the raw material. I think if Germany had credits or any of the countries had credits they would be willing to pay a little increase. Of course, if they would pay more it would go to the farmers. If they got a difference between 6 and 20 per cent, it would make a big difference in the price the farmers get. And I do think this—that the paying of this reasonable price for cotton here would tend to increase the price of cotton throughout the world. We are going to need all that cotton within two years, desperately.

Mr. WINGO. Assuming that is true—and get out of your mind I am antagonistic—I am willing to strain all of my theories of Government to meet conditions; I am not much of a theorist—the very moment we would put in operation this Government corporation you propose, this governmental agency, it would become to all intents and purposes the only purchaser on the market, would it not? In other words, it would be just like Italy is now, which has a monopoly of the tobacco trade. It is the only purchaser in the tobacco belt for a certain kind of tobacco grown in western Tennessee, where I was reared, and western Kentucky. They have just one purchaser, and that is an agent of the Italian Government, and that price is controlled by the price he offers. And would there be any probability be any other purchasers in the market except this Federal agency?

Mr. MARSH. I think it would be the chief purchaser but not the sole purchaser, because it could decide, and we leave a wide discretion to it to decide, whether to sell directly to a Government in Europe, to the Government of China, where millions of people are starving—it could decide to do that—or to sell to corporations or cooperative societies which are prepared to purchase.

Mr. WINGO. Assuming that, what would be the effect? Assuming you and I were engaged in the export of cotton and selling to Europe and we found the Federal Government had gone into that business. The natural assumption, I think, you and I will agree, would be this agency of the United States Government would absorb all the cream of the cotton market of Europe, would it not, in the cotton the Governmental agency was going to export and would not that keep you and me out of the business because the Federal Government was getting the cream of the credits abroad?

Mr. MARSH. It would be quite inaccurate to say the Federal Government was getting the cream, because the Federal Government is to act only as an agent for the farmers.

Mr. WINGO. Whatever you call it, it would be the Federal Government and to the European mind it would be the United States Government, and the prestige of the United States Government would be back of it. That is one of the benefits you say would flow from this plan and of course you are right. If we put the Federal Government up, it would have all the power to purchase in back of it and it could find the best markets and it could get the best credits?

Mr. MARSH. I think so.

Mr. WINGO. The European would rather deal, when it comes to raising credits for their people in this distressing time, with an agency of the United States Government than it would with an individual like you and me?

Mr. MARSH. Naturally.

Mr. WINGO. And would that not have a tendency to put you and me out of the market?

Mr. MARSH. It would.

Mr. WINGO. And would not the effect be practically the same as when Mr. Barnes was the only buyer in the United States for wheat?

Mr. MARSH. Not so much, because that specific proposition was where the Government guaranteed the price on one crop for domestic consumption. On the other hand when you come to exporting a series or several of these farm staples, there is a demand in different sections of Europe, practically with all nations with which we were associated during the war. Even Belgium has some and the smaller countries, and Germany and Austria; and the point is, where some of this thing like cotton is most needed, like Germany, their credit is way down and it is not much of a business proposition.

Mr. WINGO. If that should be true, you and I would not care to be taking that risk at all.

Mr. MARSH. I had not finished. The credit is way down as far as the private individual is concerned, because we do not know what the reparation commission is going to do—the private business man does not.

Mr. WINGO. As a matter of fact, for some thirty-odd years, all the business of Germany is controlled by the League of Nations decision.

Mr. MARSH. I do not think that is going to last.

Mr. WINGO. I am not talking about probabilities; I am talking about present existing concrete facts. Under the terms of the treaty that is turned over to a certain commission of the League of Nations, Germany can not buy a thing. Whether that be wise or unwise, that is a controverted question; but I am talking about the actual fact.

Mr. MARSH. I know that is what the covenant says, but I know perfectly well, and I think everybody will agree, if that is true, we are not going to stand for that League of Nations. May I ask you to read Frank Simons's last article in the Review of Reviews on this subject?

Mr. LUCE. You contemplate purchasing the crop at the bulk line cost of production?

Mr. MARSH. Yes.

Mr. LUCE. Do you take into account at all the fact that a considerable element in the present cost of production is averred to be due to inflated land values, notably in such States as Iowa?

Mr. MARSH. Yes.

Mr. LUCE. How do you propose to recognize that fact? Do you propose to assume that inflation of land values is normal?

Mr. MARSH. I want my friend, the Congressman here who is raising the question as to whether we were supported by the Joseph Fels Foundation, to listen to this. I am asked whether we wanted to include in the cost of production rent upon inflated farm-land values. I think frankly they ought and that you have got to, because I do not think we should attempt to change a system that has grown up, only because of the creation of such a commission. But I know and you know and every farmer knows when you get farm-land values at seven and eight hundred dollars an acre it is dangerously high.

Mr. WINGO. I had not finished my question; I would like to follow this through.

Mr. LUCE. I thought you had finished.

Mr. WINGO. I was assuming you were correct about the League of Nations. But getting away from that, if the thing I suggested might happen (I do not say it would), then if this Federal agency became a sole purchaser for this surplus crop, it would be necessary for that agency to undertake to fix what the profit is, how much profit above the bulk-line cost of production there should be, and then the question of price for cotton and wheat would be one fixed by this Federal agency.

Mr. MARSH. Sure, getting the figures as to the bulk-line cost of production from the Department of Agriculture, which is another Government agency.

Mr. WINGO. But that enters into a disputed realm, you see, whether they wanted to follow that arbitrary determination of this Federal agency of what the price should be, because they would have an arbitrary discretion in deciding what factors should enter into the determination of the bulk-line cost and profit, would they not?

Mr. MARSH. That is true.

Mr. WINGO. So that would mean, in the last analysis, the producer in Kansas and Arkansas would have to depend upon the arbitrary discretion of that board as to what was the real bulk-line cost of production and reasonable profit.

Mr. MARSH. Oh, no. I think the Department of Agriculture ought to furnish that. They have been doing it and can furnish it.

Mr. WINGO. It would depend on one Federal agency or another—the Department of Agriculture, this agency, or some other?

Mr. MARSH. They have the data there now.

Mr. WINGO. It would be the Federal Government placing that arbitrary figure by some agency?

Mr. MARSH. It would come back to the Department of Agriculture, and that is what the farmer depends on most. And I would be very glad to have you submit this proposal to the Secretary of Agriculture.

Mr. STRONG. The farmers of my country who have asked me to support various measures before Congress (and there have been many have all asked me to either support a tariff upon farm products or the War Finance Corporation for the purpose of encouraging exports of surplus products, or both of them, And I understand you are against both propositions?

Mr. MARSH. No; I am not.

Mr. STRONG. You condemn them both in your argument here.  
Mr. MARSH. I raise the question, particularly as to the War Finance Corporation, whether it is going to serve the purpose I think I have repeated several times, and accomplish what the men had in mind who voted for it, unless we say specifically this is to be done for the farmers, I am afraid it won't be done.

Mr. LUCE. I own a good many apple trees. Do you think it is possible to determine the value of apples?

Mr. MARSH. Approximately. I think it is a pretty hard job, but the Department of Agriculture say they can do it, and I am willing to permit the Department of Agriculture to see if they can do it.  
(The committee thereupon adjourned.)

## APPENDIX.

## ADDITIONAL STATEMENT OF MR. BENJAMIN C. MARSH, SECRETARY AND DIRECTOR OF LEGISLATION OF FARMERS' NATIONAL COUNCIL.

Reasons for believing that the Federal Reserve Board has been influenced by interests opposed to those of the farmers:

Since early summer the Farmers' National Council has been endeavoring to secure extension of short-time credit to enable farmers to meet the need for production and for marketing their crops. At the instance of the Farmers' National Council, whose request was seconded by representatives of the American Farm Bureau Federation, the National Board of Farm Organizations, and the National Grange, hearings were held by the Senate Committee on Banking and Currency in May of this year on the proposal to direct the Secretary of the Treasury, who is ex officio member and incidentally a dominating force of the Federal Reserve Board, to issue Treasury certificates of indebtedness to be loaned to live stock producers and other farmers. The Secretary of the Treasury vigorously opposed this statement in a long letter to Chairman McLean of the Senate Committee on Banking and Currency, a copy of which is in the files of the offices of the Farmers' National Council.

Representatives of the Farmers' National Council have been in frequent conference with the Treasury and Federal Reserve Board officials during the summer seeking some modification of the ruling of the Federal Reserve Board which would enable the farmers to secure credit on reasonable terms.

The total resources of the national, State, and savings banks, and trust companies, according to a recent report of the Comptroller of the Currency, are approximately \$53,000,000,000, while farmers' short-time credit facilities are around \$2,100,000,000. It is perfectly clear that the farmers have not been getting a fair share of the credit resources of the country.

Despite the assertions of the Secretary of the Treasury and the Federal Reserve Board that the farmers have ample credit, an investigation made last summer by the Farm Loan Bureau showed a most serious shortage of short-time credit for farmers. Out of 2,501 national farm loan associations reporting only 1,418—a little over one-half—reported short-time credit available, 292 reported no short-time credit, 314 a fair supply, and 477 a scarcity. Even where credit

was available, interest rates, with the exception of two or three States, were from 8 to 10 per cent, in a few cases up to 12 per cent, and occasionally 20 per cent.

The Federal Reserve Board should meet this situation by requiring that commodity paper to be subject for discount by Federal reserve banks must be paper properly secured on which the rate of interest or discount, including commissions charged the maker, does not exceed 1 per cent in excess of the rate at which member banks secure money. It can also use its present lending power, amounting to hundreds of millions, and expand this lending power up to \$2,500,000,000 by reducing reserve requirements on notes and deposits only 10 per cent.

The Comptroller of the Currency is now for the first time securing reports from national banks showing what loans they have made directly for agricultural purposes and for primary agricultural producers. The report and statements of the governor of the Federal Reserve Board regarding the loans, discounts, and rediscounts made by member banks and Federal reserve banks have not been classified so as to show what loans farmers are securing or have secured through the Federal Reserve Bank System.

In his speech to the Cleveland Chamber of Commerce, September 16, 1920, Gov. Harding, of the Federal Reserve Board, showed that the bills discounted by the Federal reserve banks in the South and West directly in support of agriculture and live-stock interests totaled on September 3, 1920, only 11.4 per cent—about one-ninth of the total bills discounted by reserve banks on September 10.

Gov. Harding's statements as to loans to farmers were entirely misleading because the governor did not state what percentage of the bills discounted by the Federal reserve banks of New York, Boston, Philadelphia, and Cleveland were directly and indirectly for agricultural purposes. Doubtless there is a considerable amount, but even at the most liberal estimate the maximum loans directly to farmers probably amount at most to only about 22 per cent, about one-fifth of the total value of bills discounted by the Federal reserve banks on September 10. In his Cleveland speech Gov. Harding estimates that the total discounts in support of agriculture made by the eight Federal reserve banks in the Southeast was \$614,861,000, of which \$202,101,000 is "the estimated amount of discounts indirectly in support of agricultural and live-stock interests." Of the \$202,101,000 discounts "indirectly made in support of agriculture" the Chicago Federal reserve bank is credited with \$75,000,000 "loans to industries directly allied to agriculture." This might include the meat packers, manufacturers of agricultural machinery and implements, elevator and milling companies, whose huge profits made off the farmers hardly entitled the loans made to them to be considered "discounts indirectly in aid of agricultural and live-stock interests."

In view of the fact that the governor of the Federal Reserve Board did not mention the amount of direct loans from the four reserve banks of New York, Philadelphia, Boston, and Baltimore, though he probably would have done so if these banks held much agricultural paper, our estimate of per cent as to the total loans directed to farmers is unquestionably more than liberal.



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